

Message Text

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ACTION EUR-03

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FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 1734

C O N F I D E N T I A L BUDAPEST 2448

E.O. 11652: GDS
TAGS: OGEN
SUBJECT: OFFICIAL - INFORMAL

FOR ANDREWS FROM WILGIS

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1. THE AMBASSADOR IS IN LONDON AT THE COM CONFERENCE AND I HAVE JUST RETURNED FROM TWO WEEKS' LEAVE. WE HAVE NO STARTLING NEWS, BUT THE FOLLOWING POINTS ARE OF INTEREST:

2. TRADE AGREEMENT: WE ARE IN A HOLDING PATTERN, AWAITING WITH ANTICIPATION THE RESULTS OF THE SENATE VOTE. WE GATHER THAT YOU ARE INCREASINGLY CONFIDENT AND DO NOT WANT ANYTHING FROM US AT THIS STAGE. IF YOU DO WANT SOMETHING, PLEASE DO NOT HESITATE TO ASK, ESPECIALLY IF THE COMMITTEE REPORT SHOWS ANY INDICATION THAT WE SHOULD BE MORE ACTIVE.

3. BUDAPEST SCENE: BUDAPEST IS BEGINNING TO MOVE INTO THE SUMMER AND IS BECOMING QUIETER FROM A SUBSTANTIVE POINT OF VIEW. THERE ARE SOME EXCEPTIONS: RUMORS FLYING AROUND THAT BREZHNEV IS COMING SOON, BUT NOBODY SEEMS TO KNOW WHY. THERE IS ALSO A GROWING EXPECTANCY THAT SOME OF BISZKU'S LOWER LEVEL SUPPORTERS WILL BE EASED OUT OF THEIR PARTY POSITIONS, PROBABLY NEXT FALL. CONNECTED WITH THESE RUMORS ARE SCATTERED REPORTS THAT THE PARTY CONGRESS WILL BE MOVED UP TO NEXT YEAR AND THAT KADAR WILL STEP DOWN
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(OR UP TO A FIGUREHEAD POSITION) AT THAT TIME. THIS IS ALL RUMOR AT THIS STAGE AND WE WILL BE REPORTING THROUGH REGULAR CHANNELS IF AND WHEN WE GET ANYTHING SOLID.

4. EMBASSY SCENE: OUR LOBBY IS TORN UP AS WE PUSH THROUGH SOME MINOR CONSTRUCTION PROJECTS WHICH WILL BOTH ENHANCE OUR SECURITY AND IMPROVE OUR APPEARANCE. WE HAVE TWO TEAMS COMING IN NEXT WEEK

TO INSTALL A NEW TELEPHONE SYSTEM AND A FIRE ALARM SYSTEM. ONE RESULT IS THAT WE ARE STRETCHED VERY THIN FOR THE NEXT THREE WEEKS ON THE ADMIN/MAINTENANCE SCENE. WE WILL BE TAKING SOME PERSONNEL GAPS THIS SUMMER: IN THE CONSULATE SO THAT TOME LONGO CAN LEAVE EARLY ENOUGH SO THAT YOU DO NOT HAVE TO LYKE A GAP, AND IN THE POLITICAL SECTION. RONHOVDE DOES NOT ARRIVE UNTIL AUG 10, AND ALAN HARDY WILL HAVE TO LEAVE BEFORE THEN. WE WILL BE ABLE TO DO OUR WORK.

5. WE WOULD APPRECIATE YOUR LOOKING INTO THE FOLLOWING:

A. WE ASKED FBO TO GIVE US AUTHORITY TO GO AHEAD WITH THE DSD DESIGN WORK FOR THE CHANCERY ANNEX AND STAFF HOUSING CONSTRUCTION PROJECTS (BUDAPEST 2301). WE NEED THIS AUTHORITY BEFORE WE CAN GO ANYWHERE ON CONSTRUCTION AND PROPERTY NEGOTIATIONS. REX HELLMAN IN FBO WOULD BE A GOOD CONTACT. COULD YOU GET US A POSITIVE RESPONSE?

B. THE EMBASSY SENT A TELEGRAM TO ICA ON MAY 30 (BUDAPEST 2188), GIVING NEW DRAFT LANGUAGE TO BE INCLUDED IN THE PROGRAM DOCUMENT OF THE CULTURAL AGREEMENT. LANGUAGE ON EXHIBITS AND NOMINATIONS PROCEDURES FOR EXCHANGE OF PERSONS WERE INCLUDED. DESPITE TWO TELEPHONE CALLS BY THE PAO TO PETER BECSKEHAZY, THERE HAS BEEN NO REPLY TO OUR TELEGRAM AS YET. SINCE WE WOULD LIKE TO FINISH NEGOTIATIONS ON ARTICLE 1 OF THE PROGRAM DOCUMENT, WE WOULD APPRECIATE ANY ASSISTANCE TO GET AN ANSWER TO OUR TELEGRAM.
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C. AS WE NOTED IN BUDAPEST 2334 AND 2339 OF JUNE 8, THE HUNGARIAN MINISTRY OF FINANCE IS ANXIOUS TO FINISH UP THE DOUBLE-TAXATION AGREEMENT AS SOON AS POSSIBLE. THEY HAD HOPED TO GET TREASURY INTERNATIONAL TAX COUNSEL DAVID ROSENBLOOM TO BUDAPEST FOR A BRIEF FINAL NEGOTIATION (AS WE UNDERSTAND IT FROM THE HUNGARIAN SIDE, THERE ARE NO SIGNIFICANT SUBSTANTIVE ISSUES OUTSTANDING) AND INITIALING BEFORE THE START OF SUMMER VACATIONS. A HUNGARIAN LANGUAGE TEXT COULD BE APPROVED AFTER THE INITIALING, AND FORMAL SIGNING COULD THEN BE SCHEDULED FOR AN APPROPRIATE TIME IN THE EARLY FALL. WE WOULD LIKE TO BE RESPONSIVE TO THE MINISTRY OF FINANCE, AND ARE DISAPPOINTED NOT YET TO HAVE RECEIVED A REPLY TO BUDAPEST 2334 WITH SOME INDICATION OF TREASURY'S THINKING ON TIMING. PLEASE DO WHAT YOU CAN TO SPEED A RESPONSE. ALSO, PLEASE STRESS TO TREASURY THAT, ALTHOUGH THE INITIALING COULD BE DONE BY THE EMBASSY, THE MINISTRY PEOPLE WOULD CLEARLY PREFER TO HAVE A TREASURY DEPARTMENT REPRESENTATIVE IN BUDAPEST FOR THE OCCASION.

6. REGARDS.
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